

AMENDED IN SENATE MARCH 23, 2004

SENATE BILL

No. 1430

Introduced by Senator Speier

February 19, 2004

An act to ~~amend Section 14105.19 of~~ *add Section 14105.75 to* the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

SB 1430, as amended, Speier. ~~Medi-Cal: provider rate reductions~~
Medi-Cal provider rates.

Existing law provides for the Medi-Cal program, administered by the State Department of Health Services, under which qualified low-income persons receive health care services. Existing law provides for the reimbursement of providers under the Medi-Cal program, *including pharmacies.*

~~Existing law requires the department to administer various health programs, including the California Children's Services Program, Genetically Handicapped Person's Program, Breast and Cervical Cancer Early Detection Program, State-Only Family Planning Program, and Family Planning, Access, Care, and Treatment (Family PACT) Waiver Program. Existing law generally requires that provider rates of payment for health care services rendered in these programs be identical to the rates of payment under the Medi-Cal program.~~

~~Existing law requires, until January 1, 2007, that the director reduce provider payments for the Medi-Cal program and these non-Medi-Cal programs, by 5%, with certain exceptions.~~

~~This bill would make a technical, nonsubstantive change to this provision.~~

This bill would require the department, in implementing any activities required or authorized by statute or regulation that relate to Medi-Cal payments to pharmacies, to distinguish between reimbursement for the professional fee portion of prescription services rendered and reimbursement for any ingredient cost associated with the prescription services.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 ~~SECTION 1. Section 14105.19 of the Welfare and~~
2 ~~SECTION 1. Section 14105.75 is added to the Welfare and~~
3 ~~Institutions Code, to read:~~
4 ~~14105.75. In implementing any activities required or~~
5 ~~authorized by statute or regulation that relate to Medi-Cal~~
6 ~~payments to pharmacies, the department shall distinguish between~~
7 ~~reimbursement for the professional fee portion of prescription~~
8 ~~services rendered and reimbursement for any ingredient cost~~
9 ~~associated with prescription services.~~
10 ~~Institutions Code is amended to read:~~
11 ~~14105.19. (a) Due to the significant state budget deficit~~
12 ~~projected for the 2003-04 fiscal year, and in order to implement~~
13 ~~changes in the level of funding for health care services, the~~
14 ~~Director of Health Services shall reduce provider payments as~~
15 ~~specified in this section.~~
16 ~~(b) (1) Payments shall be reduced by 5 percent for Medi-Cal~~
17 ~~program services for dates of service on and after January 1, 2004.~~
18 ~~(2) Payments shall be reduced by 5 percent for non-Medi-Cal~~
19 ~~programs described in Section 14105.18, for dates of service on~~
20 ~~and after January 1, 2004.~~
21 ~~(3) The payments made to managed health care plans shall be~~
22 ~~reduced by the actuarial equivalent amount of 5 percent at the time~~
23 ~~of the plan's next rate determination.~~
24 ~~(4) Reductions to payments for durable medical equipment~~
25 ~~shall be made at the discretion of the director. If any reduction is~~
26 ~~made pursuant to this paragraph, the reduction may not exceed 5~~
27 ~~percent.~~
28 ~~(c) The services listed below shall be exempt from the payment~~
29 ~~reductions specified in subdivision (b):~~

1 ~~(1) Acute hospital inpatient services.~~

2 ~~(2) Federally qualified health clinic services.~~

3 ~~(3) Rural health clinic services.~~

4 ~~(4) Outpatient services billed by a hospital.~~

5 ~~(5) Payments to state hospitals or developmental centers.~~

6 ~~(6) Payments to long-term care facilities as defined by the~~
7 ~~department, including, but not limited to, freestanding nursing~~
8 ~~facilities, distinct-part nursing facilities, intermediate care~~
9 ~~facilities for developmentally disabled individuals, subacute care~~
10 ~~units of skilled nursing facilities, rural swing beds, ventilator~~
11 ~~weaning services, special treatment program services, adult day~~
12 ~~health care centers, and hospice room and board services.~~

13 ~~(7) Clinical laboratory or laboratory services, as defined in~~
14 ~~Section 51137.2 of Title 22 of the California Code of Regulations.~~

15 ~~(8) Contract services, as designated by the Director of Health~~
16 ~~Services pursuant to subdivision (c).~~

17 ~~(9) Supplemental reimbursement provided pursuant to~~
18 ~~Sections 14105.27, 14105.95, and 14105.96.~~

19 ~~(d) Subject to the exception for services listed in subdivision~~
20 ~~(c), the payment reductions required by subdivision (b) shall apply~~
21 ~~to the services rendered by any provider who may be authorized~~
22 ~~to bill for the service, including, but not limited to, physicians,~~
23 ~~podiatrists, nurse practitioners, certified nurse midwives, nurse~~
24 ~~anesthetists, and organized outpatient clinics.~~

25 ~~(e) Notwithstanding Chapter 3.5 (commencing with Section~~
26 ~~11340) of Part 1 of Division 3 of Title 2 of the Government Code,~~
27 ~~the department may implement this section by means of provider~~
28 ~~bulletin, or similar instruction, without taking regulatory action.~~

29 ~~(f) The department shall promptly seek all necessary federal~~
30 ~~approvals in order to implement this section, including necessary~~
31 ~~amendments to the state plan.~~

32 ~~(g) This section shall remain in effect only until January 1,~~
33 ~~2007, and as of that date is repealed, unless a later enacted statute,~~
34 ~~that is enacted before January 1, 2007, deletes or extends that date.~~

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